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C O N F I D E N T I A L BAGHDAD 000134

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E.O. 12958: DECL: 09/08/2019
TAGS: [PGOV](#) [KCOR](#) [KDEM](#) [IZ](#)
SUBJECT: ANTI-CORRUPTION UPDATE -- JANUARY 19, 2010

REF: A. 09 BAGHDAD 3144
[1](#)B. 09 BAGHDAD 2385

Classified By: ACCO Joseph Stafford, reason 1.4 (b and d)

SUMMARY

[1](#)1. (C) Iraq's lead anti-corruption agency, the Commission of Integrity (COI), displayed noteworthy capacity in detecting an intricate money-laundering scheme by Baghdad municipal employees who transferred embezzled funds through a network of Iraqi, Jordanian, and Lebanese banks and other financial institutions; the detention of the embezzlers' ringleader in Beirut is another noteworthy achievement. Indicative of increased judicial action against corruption, the High Judicial Council's spokesman reported that the judiciary adjudicated 982 corruption cases in 2009 (versus 382 in 2008), while the COI reported 285 convictions (versus 97 in 2008). Another judicial official reported 60 to 70 cases annually involving judicial misconduct, including corruption; the source also confirmed the establishment of a new committee to process judicial corruption allegations. Judging from a USG grantee's public opinion survey for December 2009, corruption remains a leading concern, on par with security, for the Iraqi public. END SUMMARY.

PROGRESS IN BAGHDAD EMBEZZLEMENT CASE

[1](#)2. (SBU) Reftel reported the eruption in November of a major corruption scandal in the Baghdad mayor's office, with reports of \$20 million embezzled from the municipal budget for staff salaries. While some immediate arrests of municipal employees were announced, the alleged ringleader, Zeena Al-Tameemi, and other suspects succeeded in fleeing the country after transferring a portion of the embezzled funds abroad. The COI responded by mounting an operation to track down the stolen funds and the suspects. In mid-December, the COI reported that it had located \$5.6 million of the funds in Jordanian banks and was working with Jordanian authorities to recover them. Subsequently, the GOI reported the ringleader's arrest in Beirut, where she will reportedly be prosecuted for money-laundering and other offenses. In a January 17 meeting with Emboffs, the COI's Judge Ezzat expressed satisfaction with progress in the case, praising Jordanian and Lebanese authorities for their cooperation. According to Judge Ezzat, the GOJ has so far frozen \$2 million of the embezzled funds deposited in Jordanian banks. (NOTE: Meanwhile, a Baghdad municipal official claimed to us that the GOI had so far recovered a substantial amount of the funds, \$10 million, that had not been transferred abroad. END NOTE)

¶3. (C) COMMENT: This case is noteworthy for the capacity shown by the COI in detecting the embezzlers' intricate money-laundering scheme -- involving a series of banks and other financial institutions in Iraq, Jordan, and Lebanon -- and identifying the precise location in Jordan of a significant portion of those funds. Knowledgeable sources told us that, while the COI's anti-money laundering capacity remains limited, its performance in this instance indicated a significantly greater capacity than previously thought. The case is also noteworthy for the interagency cooperation displayed by the Iraqis; while the COI had the lead role and served as overall coordinator, the Interior and Foreign Ministries, in particular, were also important players in terms of pursuing the dossier with Jordanian and Lebanese officials. At the same time, the episode also underscored a major weakness in Iraq's anti-corruption regime: the lack of basic controls to prevent blatant embezzlement of substantial funds by a group of lower-level municipal employees, under the noses of their superiors at Baghdad's city hall. END COMMENT.

JUDICIARY'S ACTION AGAINST CORRUPTION

¶4. (SBU) In recent meeting with Emboffs, Higher Judicial Council (HJC) spokesperson Judge Abdel Sattar Bayrkdar provided an update on corruption cases processed by the Iraqi judiciary. He stated that in 2009, the judiciary received a total of 2,551 cases from the COI of which 982 were adjudicated. Judge Abdel Sattar explained that investigating judges were continuing to work on the remaining 1,564 cases, e.g., finalizing some for trial while sending others back to the COI for further investigation. Asked how many of the 982 adjudicated cases had resulted in conviction, he said he had no precise figure and declined to provide an estimate.

¶5. (C) COMMENT: According to the COI, the judiciary issued 285 convictions in corruption cases in 2009, as compared to 97 convictions in 2008, per ref B. Like the number of convictions, the 982 cases reportedly prosecuted by the judiciary represents a marked increase over 2008, when the COI reported a figure of 382. We view both Judge Abdel Sattar's and the COI's figures with more than a grain of salt, but nonetheless believe they have indicative value and point to a marked increase in 2009 in judicial action on corruption cases compared to 2008. As previously reported (ref B), however, the number of cases adjudicated by the judiciary in 2008 was substantially reduced by the impact of the February 2008 Amnesty Law. It resulted in the halting of prosecutions or reversal of convictions for thousands of persons charged with corruption and other crimes. END COMMENT

¶6. (C) Emboffs met January 14 with Judge Saade Al-Obaidi, the head of the HJC's Oversight Board, responsible for investigating allegations of wrongdoing by judges, prosecutors, and other HJC personnel. He asserted that while the level of corruption within the judiciary was lower than in other GOI institutions, there were nonetheless cases of judges being convicted of such abuses. Judge Saade estimated that the Oversight Board annually investigated and sent for trial about 60-70 cases involving judicial misconduct, including corruption; he was unable to provide a figure as to the actual number of corruption cases or convictions. Judge Saade added that, as with most other prosecutions for judicial wrongdoing, the corruption cases were heard by the internal HJC courts having jurisdiction over its personnel. (COMMENT: Judge Saade's remarks are noteworthy for the acknowledgement of corruption within the judiciary; heretofore, judicial sources have generally denied outright any significant judicial involvement in corruption. END COMMENT)

¶7. (SBU) We raised with Judge Saade recent media reports of the HJC's establishment of a committee, composed of senior prosecutors, to receive corruption allegations. He responded

that the HJC's move reflected HJC head Judge Medhat Mahmoud's commitment to tackling corruption, giving assurances that the committee would coordinate with Iraq's leading anti-corruption investigative body, the COI. We subsequently raised the committee with deputy COI head Judge Ezzat, who stated that he personally had asked Judge Medhat to establish the body to facilitate the COI's submission to the HJC of allegations it (the COI) received of judicial corruption. (COMMENT: The COI itself is not empowered to investigate judicial corruption and hence forwards such cases to the HJC for action. END COMMENT)

IRAQI PUBLIC'S CONCERN OVER CORRUPTION

18. (SBU) Judging from the results of the latest monthly public opinion survey conducted by a USG-funded NGO in Iraq, corruption remains a leading concern among Iraqis. In the October 2009 poll, "corruption" replaced "sectarianism" as the fourth leading concern among respondents and maintained that position in the subsequent November survey; in the December survey, it tied with "security/stability" as respondents' third leading concern, with each cited by 9% of respondents as "the most important problem facing your local area," following "basic services" (21%) and "jobs/economy" (15%).

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